

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEAE-00

OMB-01 SWF-02 DRC-01 /192 W
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R 171605Z JUN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7063

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

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LIMITED OFFICIAL USE SECTION 01 OF 02 EC BRUSSELS 4198

1. SUMMARY: SEMI-ANNUAL EC/CANADA CONSULTATIONS WERE THE OCCASION FOR THE TWO SIDES TO STATE THEIR DIFFERING POSITIONS ON SUPPLY PROBLEMS, EXPORT RESTRICTIONS, AND A SECTORAL APPROACH TO TRADE NEGOTIATIONS. CANADA CONTINUED TO ARGUE FOR BETTER CONCESSIONS BY THE EC ON GRAINS AND CHEDDAR CHEESE IN THE EC/CANADA ARTICLE XXIV:6 NEGOTIATIONS. THE EC WAS UNYIELDING ON GRAINS. THE EC/CANADA TRADE AGREEMENT PROPOSED BY CANADA WAS MUCH DISCUSSED ON THE MARGINS OF THE CONSULTATIONS,
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BUT THE EC COMMISSION PARTICIPANTS ASKED FOR SEVERAL

MORE MONTHS IN WHICH TO REFLECT ON THE PROPOSAL. END SUMMARY.

2. A CANADIAN DELEGATION HEADED BY MICHEL DUPUY, ASSISTANT SECRETARY OF STATE FOR EXTERNAL AFFAIRS, MET WITH A COMMISSION DELEGATION, HEADED BY HIJZEN, DEPUTY DIRECTOR GENERAL FOR EXTERNAL RELATIONS ON JUNE 11-12. THESE CONSULTATIONS WERE THE LATEST IN A REGULAR SEMI-ANNUAL SERIES INITIATED IN 1972 ON THE MODEL OF THE US/EC CONSULTATIONS. THE EC/CANADIAN CONSULTATIONS THIS YEAR WERE AT "OFFICIAL" LEVEL, WHEREAS PREVIOUS CONSULTATIONS HAD INVOLVED MINISTERS AND COMMISSIONERS, DUE TO THE INABILITY OF CANADIAN MINISTERS TO LEAVE CANADA DURING THE ELECTION CAMPAIGN. THIS TELEGRAM IS BASED ON DISCUSSIONS WITH LOERKE, THE COMMISSION'S US/CANADA DESK OFFICER, AND ROGER MARCEAU OF THE CANADIAN MISSION.

3. THE AGENDA FOR THE MEETINGS AND THE DISCUSSIONS THEMSELVES LARGELY DUPLICATED THE US/EC CONSULTATIONS. THERE WERE, HOWEVER, SOME DIFFERENCES, WHICH MAINLY INVOLVED CLASHES BETWEEN CANADIAN VIEWS AND THOSE HELD BY BOTH THE EC AND THE US. THESE CLASHES WERE ON A REALTED ISSUES: SHORT SUPPLY PROBLEMS, THE SECTORAL APPROACH TO TRADE NEGOTIATIONS AND THE CANADIAN POSITION ON EXPORT RESTRICTIONS IN THE TNC WORK PROGRAM. AS THE CANADIANS EXPLAINED THEIR POSITION, THEY WISH TO CONVERT THEIR ECONOMY FROM ONE DOMINATED BY THE PRODUCTION AND EXPORTATION OF RAW MATERIALS TO ONE IN WHICH PROCESSING AND INDUSTRIAL PRODUCTION ARE MORE PROMINENT. THEY THINK THAT THE MTNS COULD BE A MEANS TO ADVANCE TOWARDS THIS OBJECTIVE IF A SECTORAL APPROACH IS TAKEN,IN WHICH, APPARENTLY, THE CANADIANS MIGHT TRADE EXPORT ASSURANCES FOR THE LOWERING OF OTHER COUNTRIES' RESTRICTIONS ON CANADIAN INDUSTRIAL EXPORTS. IN THE MEANTIME, THE CANADIANS ARE UNWILLING TO JOIN WITH THE EC AND US IN FLATLY OPPOSING EXPORT RESTRICTIONS, AND THEY FAVOR CONSIDERATION OF SUPPLY PROBLEMS, NOT IN GENERAL TERMS, BUT ON A SECTOR BY SECTOR BASIS.

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4. THE UNFINISHED EC/CANADA ARTICLE XXIV:6 NEGOTIATIONS WERE DISCUSSED WITHOUT CONCLUSION. THE CANADIANS CONTINUE TO WAND UNDERSTANDINGS ON GRAINS WHICH WOULD COPY THE UNDERSTANDINGS ON GRAINS OF 1962. THE EC GAVE THE CANADIANS LITTLE GROUND FOR HOPE THAT THEY COULD OBTAIN UNDERSTANDINGS DIFFERENT FROM THOSE REACHED THIS YEAR BETWEEN THE EC AND THE US. THE CANADIANS, HOWEVER, ARE NOT IN A POSITION TO CHANGE

THEIR POSITION SINCE NEW MINISTERIAL INSTRUCTIONS
CANNOT BE OBTAINED UNTIL AFTER THE JULY 8
ELECTION. THE CANADIANS ARE ALSO CONCERNED ABOUT
CHEDDAR CHEESE AND IN THIS CASE THE COMMISSION MAY
BE PREPARED TO DO SOMETHING FOR THEM.

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5. THE QUESTION OF AN EC/CANADA TRADE AGREEMENT WAS NOT
ON THE AGENDA, BUT WAS HEAVILY DISCUSSED ON THE
MARGINS OF THE MEETINGS, AND TO A LARGE DEGREE, OVER-
SHADOWED THE FORMAL AGENDA. THE COMMISSION STAFF

CONTINUES TO DISLIKE THE IDEA OF SUCH AN AGREEMENT.
IT WOULD LIKE TO DISSUADE THE CANADIANS FROM
PURSUING THIS LINE OF APPROACH, WHILE ASSURING THE
CANADIANS THAT THE COMMUNITY SEES THE VIRTUES OF
DIVERSIFICATION OF CANADIAN ECONOMIC RELATIONS AND
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ALSO TAKES AN INTEREST IN ECONOMIC COOPERATION WITH
CANADA IN, FOR EXAMPLE, JOINT VENTURES. THE COM-
MISSION HAS NOT TAKEN ANY OFFICIAL POSITION ON WHAT
TO DO ABOUT THE CANADIAN INITIATIVE. IT INFORMED
THE CANADIANS THAT IT WANTED A PAUSE OF SEVERAL
MONTHS FOR FURTHER REFLECTION.

6. THE LINKED CANADIAN PROPOSAL FOR AN EC/
CANADA DECLARATION OR POLITICAL
UNDERSTANDING WAS NOT DISCUSSED IN THESE CONSULTATIONS.
OUR COMMISSION SOURCE SAID HE THOUGHT THE
DISCUSSION OF IT AT THE POLITICAL COOPERATION MEETING
IN BONN HAD BEEN ONLY MARGINAL. HE ADDED THAT THE
COMMUNITY WAS NOT SURE JUST WHAT TO DO WITH THIS IDEA,
PARTICULARLY IN VIEW OF THE FACT THAT OTHER PRO-
POSED TRANS-ATLANTIC DECLARATIONS ARE CURRENTLY IN
THE ICEBOX. GREENWALD

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